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Portugal

Livestock and Products

Annual

2000

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Report Highlights:
Portuguese total meat production was up by 3.3% during 1999 on account of the higher slaughtering of cattle and hogs. Another expansion in beef production is anticipated for 2000, stimulated by persisting high producer prices. Pork production will be depressed by rising imports of pork from Spain. In effect as of the beginning of 2000, the Agenda 2000 will tend to steer the local cattle sector towards stability over the following years. Under forecast continuing high hog and pork imports from the EU, hog activity levels will tend to be further reduced over the medium-term future. Affected by the high dollar rate, US 1999 exports into Portugal consisted in hides ($ 7.24 million) and bovine semen ($ 0.44 million). 1 USD = 216 Pte.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Portuguese livestock inventory numbers will generally come down during 2000 as a result of higher live animal and meat imports from the EU. Year-end cattle and hog numbers are expected to remain at 1,260 and 2,315 thousand head respectively. Another reduction is forecast for 2001, with attractive local beef and pork prices and an efficient, surplus EU meat industry tending to conduce to significant meat import increases. Cattle and swine year-end 2001 inventory numbers are forecast at 1,189 and 2,300 thousand head. Total cattle numbers will trend towards stability over the medium-term future as a consequence of Agenda 2000, in effect since the beginning of the current year. An overall hog activity reduction is forecast for the medium-term future, as a consequence not only of generally trending up imports from the EU, but also of new constraining legislation, namely in the Environmental and Animal Well-Being area. In general, the Portuguese livestock sector remains affected by higher feed costs than in other EU countries as a consequence of the domestic grain deficit and of strict anti-BSE norms which prevent use of meat and bone meal in all feed, leading to feed manufacturing costs reportedly 2 PTE/Kg above Spain's. Other problems include the persistent BSE problem which leads to an on-going EU ban to Portuguese cattle and beef exports. In the swine sector, an AFS breakout in 1999 has led to the enforcement of an anti-ASF plan, to be terminated in November of 2000, with alledged high producer losses. Among new developments, cirocvirus has reportdly caused thousands of piglet deaths after years of alledged incipient presence.

The introduction of the Cattle Reform in 2000 thus far has been highly beneficial to Portuguese livestock producers, who have been able to accumulate higher subsidies paid under the Reform with unexpectedly high market prices. Cattle activity will tend to remain limited by the effects of EU-set cattle quotas, while beef prices will tend to come down over the medium-term future in line with Agenda 2000's goals. While the pursuit of overall EU market stability and self-containment is also an Agenda 2000 goal, it is believed that high production quotas secured by some countries, namely Spain, will tend to enable imports of cattle and beef from the EU to remain high over the medium-term future. Policy changes in the hog and pork sector are dominated by the development of stricter Environmental and Animal Well-Being regulations, which top the critical sector shaping factors for the next ten years. With a lesser impact in the sector, the Reform of the EU swine and pork policy is expected to be pushed forward during the second Semester of 2000 under the French EU Presidency.

Overall imports of livestock products will be up during 2000 and 2001 due to the competitiveness of the EU meat industry. Meat imports will generally tend to expand more than live animals for slaughter, due to the comparatively high slaughtering costs in Portugal against those in other countries, namely Spain. The effects of Agenda 2000 will nevertheless tend to slow down trade inflows from other countries due to the Agenda's stability effects in the whole EU territory, while new EU and national beef labeling legislation will contribute to differentiate and assert national meat to the detriment of imported one. Affected by the high dollar rate, U.S. 1999 livestock exports into Portugal were limited to hides ($ 7.24 million) and bovine semen ($ 0.44 million). Imports from the U.S. will likely remain at reduced levels during 2000 as well, due to the effects of continuing high dollar rates. No major changes are anticipated for 2001.

1 USD = 216 Pte

Commodity Name: Animal Numbers, Cattle

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	1267	1267	1199	1245	0	1216
Dairy Cows Beg. Stocks	355	355	350	352	0	350
Beef Cows Beg. Stocks	289	289	289	278	0	278
Production (Calf Crop)	431	431	428	422	0	421
Intra EC Imports	11	15	10	14	0	13
Other Imports	0	0	0	0	0	0
TOTAL Imports	11	15	10	14	0	13
TOTAL SUPPLY	1709	1713	1637	1681	0	1650
Intra EC Exports	5	5	5	1	0	1
Other Exports	0	0	0	0	0	0
TOTAL Exports	5	5	5	1	0	1
Cow Slaughter	112	112	111	110	0	109
Calf Slaughter	100	100	100	100	0	100
Other Slaughter	243	201	214	204	0	206
Total Slaughter	455	413	425	414	0	415
Loss	50	50	25	50	0	50
Ending Inventories	1199	1245	1182	1216	0	1189
TOTAL DISTRIBUTION	1709	1713	1637	1681	0	1655
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Due to declining dairy cow numbers and accelerated slaughter rates, total cattle numbers declined in 1999, and are estimated to have dropped during the first semester of 2000. The 1999/00 surpassment of the national dairy quota has reportedly had little if any effect upon the local dairy activity in 2000, but could contribute to a decline in dairy cow numbers in 2001 in association with efforts to improve genetics.

The elimination of the special EU calf processing subsidy at the end of 1999 could bear some effects increasing cattle activity. However, the new animals quota system established under Agenda 2000, in effect as of the beginning of the current year, will tend to restrict animal stocks. Cattle numbers will trend towards stability after 2000 as a consequence of the Cattle Reform system (see also Policy).

The BSE Situation

A live cattle and beef export ban has hovered over Portuguese exports since November 1998, when it was declared by the EU. The ban has been consecutively re-newed by the EU and is presently without time limit. In according to latest information from the local veterinary authorities, the ban is not likely to be lifted by the EU for at least another two years.

A rigorous, expensive anti-BSE plan has been implemented by the GOP to bring the disease under control. Several issues have been recently raised by the Portuguese Veterinaries Association and by the EU sanitary authorities pertaining to the GOP's anti-BSE program enforcement capabilities. Since 1990, 413 BSE cases have been reported in Portugal, and roughly 15,000 cattle head have been slaughtered as part of anti-BSE plan.

Slaughter

Portuguese cattle slaughter had a moderate 0.2% expansion during 1999 due to the killing of significant animal numbers during the Summer drought, as well as the effects of rising prices (see Price Tables below).

Continuation of high prices at the beginning of 2000 - quite contrary to Agenda 2000's expectations -, led to increasing slaughter rates, with the national statistics institute INE reporting a 8.2% slaughter increase during the first quarter of 2000 against the similar period in 1999. A moderate expansion in slaughter is forecast for 2001, due to the anticipated effects of Agenda 2000 boosting demand for beef (see Beef Section). Over the medium-term future, total cattle slaughter will trend towards stability as both beef demand will tend to stabilize, while total cattle activity will be limited by the EU-set quotas (see Policy).

Live Cattle Prices during 1999
Calves under 6 months of age (PTE/100 Kg live weight)

Month	100 Kg	Month	100 Kg	Month	100 Kg

January February March April May	51,667 51,667 51,667 51,667 52,542	June July August September October	52,833 52,833 53,521 54,283 54,417	November December	54,917 55,083
AVG 99	**53,091**	**AVG 98**	**49,881**	**Increase (%)**	**6.4 %**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Cattle Prices, Under 6-Month Calf Carcasses (PTE/100 Kg carcass weight)

Month	100 Kg	Month	100 Kg	Month	100 Kg
January February March April May	77,500 80,000 80,000 80,000 80,000	June July August September October	80,000 78,400 78,000 81,600 82,000	November December	82,000 69,400
Average 99	**79,075**	**Average 98**	**77,096**	**Increase (%)**	**2.6 %**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Cattle Prices, Carcasses of 12-to-18 month Bovines (PTE/100 Kg carcass weight)

Month	100 Kg	Month	100 Kg	Month	100 Kg
January February March April May	62,194 66,852 66,819 66,093 66,035	June July August September October	65,410 64,257 64,064 64,398 64,598	November December	65,141 65,905
Average 99	**65,147**	**Average 98**	**63,480**	**Increase (%)**	**2.6 %**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Trade

Total cattle imports remained basically stable in 1999. Up from 1998, total cattle breeder imports totaled 7,120 thousand head (6,768 thousand head in 1998), as a consequence of the continuing efforts from the dairy sector to improve genetics. Importation of live cattle for slaughter was down, confirming the un-competitiveness of importing live cattle for fattening and slaughtering, against the importation of beef carcasses and parts (see Beef section). Total live cattle imports will tend to come down in 2000, with the EU cattle exporters, namely Spain, tending to prefer exporting the beef on account of comparatively higher slaughter costs in Portugal. This trend is expected to become more clear in 2001. The possible purchase of a major Portuguese slaughter-house by leading Spanish group, reportedly under discussion, could change this and make direct exporting of live cattle into Portugal for slaughter attractive again. While the Agenda 2000 pursues stability and containment in EU cattle markets, it is generally believed that the high production quotas secured by the Spanish authorities will continue to enable strong Spanish cattle exports into Portugal over the medium-term.

Trade Matrix

Import Trade Matrix				
Country	Portugal		Units:	Head
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	March
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
France	5407	6209	999	584
Spain	4759	2141	630	202
Netherlands	2655	3877	1021	555
Denmark	1710	1953	492	245
Germany	556	678	232	98
Belgium-Lux	7	0	0	
Chech Republic	68	0	0	
Austria	0	66	66	
Total for Others	15162	14924	3440	1684
Others not Listed	0	0	0	0
Grand Total	15162	14924	3440	1684

Export Trade Matrix				
Country	Portugal		Units:	Head
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	7163	4717	1026	389
France	270	71	71	0
Total for Others	7433	4788	1097	389
Others not Listed	0	0	0	0

Grand Total	7433	4788	1097	389

Policy

The Portuguese cattle sector is subject to EU rules and regulations, including full payment of EU-set subsidies (for subsidy payments to the cattle sector by the national intervention agency INGA during 1998, please check Table in Statistical section).

The introduction of Agenda 2000 at the beginning of the current year is expected to bear important effects upon the sector. The substantial subsidy increases contemplated by the Agenda's Cattle Reform are highly encouraging, and thus far, the producers have been able to accumulate them with unexpectedly high prices. However, total activity will tend to remain overall stable over the medium-term future on account of the quota system set under the Cattle Reform. National quota for suckling cow subsidies was set at 277,539 Head, some 10,000 head under the ceiling previously in effect, which were "lost" during the Reform negotiations for lack of use. Quota for steer subsidies is at 175,075 head (154,000 head before), and quotas for the slaughter premium - an Agenda innovation - at 325,000 head for adult bovine and 70,911 head for calves. In Portugal, the "financial envelope" set by the Cattle Reform, to be used by each country at its discretion, will be in Portugal a slaughter premium supplement, devoid of structuring function. Potential increases are basically limited to a national arable crop conversion program, which enables each 2 ha to be "converted" into 1 Normal Head, with a ceiling of roughly 200,000 ha, that is 100,000 cattle head. Crop conversion Program has drawn little farmers interest thus far, and is not likely to lead to substancial changes in national cattle quotas in the future.

In line with the promotion of rural development and diversity, the GOP has encouraged the expansion of indigenous cattle production through the regional demarcation concept. The Ministry of Agriculture reports the existence of 12 registered regional cattle breed organizations producing certified beef. Expansion of these breeds is limited by market-related factors (see Beef). Indigenous breeds are eligible to specific subsidies to compensate the farmers for comparatively higher production costs against other breeds, which till 1999 ranged between 14,000 and 24,000 PTE/head.

Thus far, the Agenda 2000 has produced no visible effects in the market. Beef prices have trended rather in the opposite direction to expected, remaining high for the first semester of 2000 and forcing the EU Commission to lower export subsidies in the second quarter of 2000. However, eventually the Agenda will tend to force a price reduction in according to its pre-set goals. Effects upon the targeted sector stability in all EU contries also seem quite dim from the Portuguese perspective. The situation in Spain is viewed with particular concern due to its effects in the Portuguese cattle and beef markets. In this particular, it is believed that Spain's cattle quotas are above its domestic consumption levels, being expected to continue to generate surpluses in the future and produce depressing effects in the Portuguese market.

Among future challanges, the EU-enlargement to the East is seen as the most critical change with potentially dangerous consequences to the sector, overshadowing the importance and impact of the WTO negotiations in spite of the sector's high subsidy-dependency.

Due to the specific Portuguese BSE problem, Portugal applies a National BSE eradication Plan, which absorbs important EU funds. Given this particular problem, the EU food safety portfolio has been cherished by the GOP, and constituted one of banners for the for its EU Presidency during the first Semester of 2000. Among recently EU-approved legislation with consequences to the cattle sector are the new Commission SRM ban and beef labeling Council Directive (see Beef), both expected to play an important role upgrading the public image of Portuguese cattle and beef production.

Income Supports Paid to Cattle Producers During 1998

	Total	National	EU
	Units: 1,000 Pte		
Dairy Producers	1,020,627	0	1,020,627
Suckling Cow subsidies	12,020,210	314,100	11,706,110
Special Bovine Premium	4,108,630	-	4,108,630
Calf Processing Premium	449,199	-	449,199
BSE - Supplement	1,086,237	-	1,086,237
Bovine Slaughter	316,520	-	316,520

Source: National guarantee institute INGA.

Miscellaneous Cattle Activity Supports Paid During 1998

	Total	National	EU
	Units: 1,000 Pte		
Dairy	589,458	-	589,458
Beef Processing/Stocking	159,792	-	159,792

Source: National guarantee institute INGA.

Export Subsidies Paid During 1998

	Total	National	EU
	Units: 1,000 Pte		
Dairy	291,520	-	291,520
Beef Processing/Stocking	73,635	-	73,635

Source: National guarantee institute INGA.

Marketing

Due to sanitary restrictions, U.S. live cattle exports into Portugal are un-viable. Bovine semen remains an expanding market niche, with the local trade statistics showing an increase in total imports from $1,143,000 in 1998 up to $ 1,281,000 in 1999. The U.S. lost market share in 1999, with sales dropping from $ 538,000 in 1998 down to $ 437,000 in 1999, the result of either lower prices or very aggressive marketing from leading competitors, namely Canada ($ 379,000 in 1999), France ($ 206,000 in 1999) or Spain ($ 104,000 in 1999).

Commodity Name: Animal Numbers, Swine

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	2341	2341	2371	2330	0	2315
Sow Beginning Stocks	330	325	335	320	0	315
Production (Pig Crop)	4442	4700	4585	4628	0	4555
Intra EC Imports	340	541	380	560	0	570
Other Imports	0	0	0	0	0	0
TOTAL Imports	340	541	380	560	0	570
TOTAL SUPPLY	7123	7582	7336	7518	0	7440
Intra EC Exports	9	14	4	15	0	16
Other Exports	0	0	0	0	0	0
TOTAL Exports	9	14	4	15	0	16
Sow Slaughter	178	173	170	175	0	175
OTHER SLAUGHTER	4549	5046	4917	4996	0	4932
Total Slaughter	4727	5219	5087	5171	0	5107
Loss	16	19	16	17	0	17
Ending Inventories	2371	2330	2229	2315	0	2300
TOTAL DISTRIBUTION	7123	7582	7336	7518	0	7440
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Depressed by the increased slaughtering of imported hogs, total swine activity declined during 1999 with a sow number reduction leading to lower year-end inventory numbers.

After a first semester of depressed prices, improving market conditions during the second semester of 1999 due to Classical Swine Fever outbreaks in the Netherlands, Germany and Spain and a re-opening of Far Eastern pork markets, led to improving prices in Portugal and enabled the sector to start emerging from the crisis. While the last Semester of 1999 and first Semester of 2000 were of recovery, producer sources report that the crisis is not totally overcome, and that a surplus problem is always imminent. Continuously rising swine and pork imports (see also Pork Section) will tend to continue to depress local hog activity levels in the near future, and lead to moderate reductions in year-end inventory numbers in 2000 and 2001.

The existing and projected Environmental and Animal Well Being legislation are currently at the top of the sector's concerns, being in according to the Hog Federation, the main factors which will foreseeably affect the activity over the coming 10 years. Already existing legislation is leading to a difficult process of licence issuance of new operations by the Municipal authorities, this reportedly constituting an important barrier to re-structure. However, new legislation already passed or to be approved in the future will produce much deeper effects upon the sector, even if the more drastic EU legislation under way contemplates long transition periods. Among other problems, the high cost of feed remains an important restriction to the sector's competiveness. The Portuguese Feed Association IACA reports that the mandatory elimination of meat and bone meal in pig feed as part of the anti-BSE plan, leads to feed production costs 2 PTE/Kg on average above Spain's, which translates to average 8 Pte/Kg higher meat costs. Further, the country's permanent grain deficit leads to higher grain costs than in other EU countries, a problem which could be aggravated by the coming privatization of Lisbon port silos managing company SILOPOR. With estimated 15% of total imported raw materials cost linked to harbor handling and storage costs, a privatization process that does not secure continuation of services to the industry at stable costs could further affect the competitiveness of the livestock sector in general, and that of the hog one in particular due to the impact of feed in total hog production costs.

Diseases

After years of eradication, a surprising outbreak of ASF was identified in November of 1999 in a farm in *Almodôver*, in the Southern *Alentejo* province. Eradication Plan included the killing of all animals in a 10 Km radius from the farm where the case was identified, and a restriction to animal transit out of a demarcated area - basically the Southern half of the country - between November 14, 1999 and March 31, 2000. The ban to *Almodôver* will remain in effect till November 9, 2000, one year after the ASF case was officially detected, when it is hoped the national veterinary services will be able to declare the country free of ASF again.

A surprising development is an alledged expansion of circovirus. Producer sources report the existence of circovirus in Portugal at an incipient level as of 1994. Same sources report that only during the current year has the disease had a real significance in the sector, reportedly accounting for the death of thousands of piglets. This is not confirmed by the local veterinary authorities.

Slaughter

Improving prices as of the midst of 1999 led to increased slaughter rates in 1999 and during the first quarter of 2000, which were to a large extent achieved through the killing of imported animals (see Trade). In spite of first quarter 2000 slaughtering showing a 6.4% increase over the similar period in 1999, total full year hog slaughter is expected to remain under 1999 levels. Another reduction in total slaughter is forecast for 2001 under the effects of forecast higher imports not only of live hogs but also pork, the latter being expected to gain accrued weight in local pork supply in the short-term future due to the cost-ineffectiveness of local hog slaughtering compared to those in Spain, reportedly translating to an average 5 PTE/Kg difference.

The growing economic integration of both economies, and the acquisition of important Portuguese pork processing groups by Spanish producers is reportedly stimulating a re-design of pork supply channels with a predominant importance of pork importation from Spain. A leading processing group - Carnes NOBRE - closed down its slaughter-house in recent years, and other large groups are said to be about to follow the example. After purchase by Spanish CAMPOFRIO group a major Portuguese pork processing group is said to plan halting its slaughtering activity in the short-term, and the same is expected to affect another large group, whose sale is reportedly being negotiated with a Spanish group.

Hog Prices (PTE/100 Kg carcass weight)

	1999		**1999**		**1999**
Extra-B					
January February March April May	19,633 18,253 20,089 20,706 22,743	June July August September October	27,439 28,535 27,847 25,553 21,401	November December	20,853 22,962
AVG 98	**24,455**	**AVG 99**	**23,001**	**Increase**	**- 5.9 %**
Extra-A					
January February March April May	20,508 20,236 20,649 21,510 23,575	June July August September October	28,532 29,482 28,817 26,218 22,038	November December	21,602 23,677
AVG 98	**25,707**	**AVG 99**	**23,904**	**Increase**	**- 7.0 %**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Trade

Under the effects of improving prices in Portugal, total live animal imports had a remarkable expansion during 1999, consisting primarily in animals for slaughter. Another significant expansion in hog imports is anticipated for 2000 due to continuing high local prices and a surplus Spanish hog industry, as confirmed by first quarter 2000 trade data (see Trade Matrix) and by animal transit information produced by the veterinary authorities, in according to which an average of 15,000 head were recently being imported weekly from Spain. These high import rates will tend to come down during the second semester of 2000, with the importation of live animals for slaughter tending to be increasingly displaced by the direct importation of pork. Another small increase in live hog imports is forecast for 2001, with the competitiveness of imported pork tending to displace larger numbers of imported hogs.

Trade Matrix

Import Trade Matrix				
Country	Portugal		Units:	Head
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	March
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	199024	538029	73828	102510
Netherlands	2283	2215	0	0
U.K.	1445	70	70	0
France	296	296	0	755
Belgium-Lux	243	0	0	0
Total for Others	203291	540610	73898	103265
Others not Listed	0	0	0	0
Grand Total	203291	540610	73898	103265

Export Trade Matrix				
Country	Portugal		Units:	Head
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	5787	14174	63802	166478
Total for Others	5787	14174	63802	166478
Others not Listed	0	0	0	0

Grand Total	5787	14174	63802	166478

Policy

The Portuguese hog and pork sector is subject to EU laws and regulations, including the Market Common Organization, the Environmental and Animal Well-Being regulations.

Environmental and Animal Well-Being regulations are considered by local hog farmers to outrank all the others as predominant activity restrictive factors for the coming ten years. The regulation of the 1994 EU environmental Directive, which is scheduled to become complete at EU level in about one year time, will in practical terms tend to limit number of sows on farms and introduce new technical restrictions to the activity. Additional constraints due to the new requirements are expected to widen the gap between "rich" and "poor", raising problems difficult to handle technically by the smaller farmers. As for existing Well-Being legislation, it is already considered constraining to the sector. However, its new version, currently under EU review, is considered to be extremely hard, even considering the 10 year limit stipulated for full enforcement.

The restrictions caused by these two major problems overshadow the importance of the future reform of the EU Hog & Pork Common Policy, a dossier which is expected to be significantly pushed forward during the French EU Presidency. In this regard, it is the hog producers view that no substancial change is to come out of the future sector policy revision. As for the Calamity Fund proposal which was presented for EU Council review under the Portuguese EU Presidency, it meets the local hog producers' full opposition. In particular, the restrictions that the proposed operation mechanism contemplate are viewed as disfavorable to the interests of the producers, namely the production "freeze" that effectively would affect each fund contributor. A reviewed version of the Fund could eventually meet with the approval of the local producers though. In what concerns the WTO negotiations, the local producers do not feel particularly concerned, considering that it is the Northern EU producers with large surpluses that will take the largest blow. In the face of other much more pressing problems, WTO-related contrainst are relegated to the bottom of current producer concerns.

To address specific local production problems, hog producers continue to lobby for measures that secure lower feed costs, one of the key effectiveness-restriction factors of the sector (see Production). Further, the Hog Federation reports it is planning to try and obtain financial compensation from the GOP for the losses incurred by the hog producers from the Southern portion of the country due to the GOP's ASF-control plan. Plan forced in practical terms South-of-Portugal producers to kill the animals exclusively in slaughterhouses located in that same demarcated area, preventing producer access to slaughter-houses with adequate marketing facilities, which were open only to producers of the northern half of the country. Measure, which was enforced between November 14, 1999 and March 31, 2000, is estimated to have caused estimated 300 to 350,000 USD farmer losses.

Commodity Name: Animal Numbers, Sheep & Goat

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Animal Numbers, Sheep				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	4316	4316	4210	4188	0	4080
Ewes, Beginning Stocks	2827	2827	2827	2825	0	2825
Production (Lamb Crop)	2424	2424	2424	2450	0	2450
Intra EC Imports	110	126	110	105	0	105
Other Imports	0	0	0	0	0	0
TOTAL Imports	110	126	110	105	0	105
TOTAL SUPPLY	6850	6866	6744	6743	0	6635
Intra EC Exports	50	23	50	12	0	12
Other Exports	0	0	0	0	0	0
TOTAL Exports	50	23	50	12	0	12
Ewe Slaughter	433	386	433	386	0	388
Lamb Slaughter	1933	2075	1827	2000	0	2008
Other Slaughter	144	114	144	194	0	194
TOTAL Slaughter	2510	2575	2404	2580	0	2590
Loss	80	80	80	71	0	73
Ending Inventories	4210	4188	4210	4080	0	3960
TOTAL DISTRIBUTION	6850	6866	6744	6743	0	6635
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Under the effects of dropping EU premiums, total sheep and goat inventory declined during 1999. This was accompanied by a reported activity abandonment from some producers, which caused premium applications to remain under the national sheep quota for 2000. Total sheep & goat numbers are likely to suffer another moderate reduction during 2000 under the effects of a series of production constraints. Total reduction will be moderated by reportedly increased birth rates in 2000 as a result of plentiful pastures. Another moderate reduction in sheep & goat numbers is forecast for 2001, as the sector tends to re-structure to adjust to more difficult production conditions and lower subsidies.

The bulk of the national flock is constituted by meat sheep, with a smaller minority consisting in dairy sheep. Sheep and goat production is affected by a very competitive meat market which tends to freeze lamb meat consumption levels, while very strict production norms and a competitive dairy market limit dairy sheep expansion. Finally, all sheep & goat production is limited by the primitive prevailing production system which is associated with the sector's uniqueness. Lack of qualified sheppards and the technical difficulties complying with modern cheese manufacturing and marketing remain critical constraints.

As in other sectors, a policy of region demarcation and product certification has been prusued with some success in this sector. The Ministry of Agriculture reports the existence of seven sheep demarcated regions, and five goat demarcated ones. Out of the twelve regionally demarcated Portuguese cheese types, ten are produced from sheep or goat milk.

Slaughter

The National Statistics Institute INE reports that total sheep slaughter rose by 2,4% during 1999, while total goat slaughter was down by 3.3%. These trends have remained unchanged durign the first quarter of 2000, with INE reporting a 21.9% sheep slaughter increase and a 1.3% reduction in goat slaughter relative to the similar period in 1999. With the producers tending to maintain flocks at a minimal level, total sheep & goat slaughter will tend to be moderately up again in 2001.

Sheep & Goat Prices (PTE/100 Kg Live weight)

	1999		**1999**		**1999**
Dairy Lamb (less than 15 Kg, live weight))					
January February March April May	45,518 44,106 48,597 48,240 44,610	June July August September October	45,518 47,011 53,671 57,481 59,064	November December	61,644 70,297
AVG 98	**60,212**	**AVG 99**	**52,146**	**Increase**	**-13.4%**
Kid Goat					
January February March April May	73,969 76,072 75,104 77,017 77,252	June July August September October	73,369 74,417 82,122 75,291 75,235	November December	73,289 83,002

AVG 98	**76,730**	**AVG 99**	**76,345**	**Increase**	**- 0.5 %**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Sheep Carcasses (PTE/100 Kg carcass weight)

	1999		**1999**		**1999**
Lamb from pasture					
January February March April May	54,134 48,767 54,047 56,305 56,274	June July August September October	53,484 53,450 54,750 58,340 62,664	November December	67,531 71,453
AVG 98	**62,423**	**AVG 99**	**57,600**	**Increase**	**-7.7 %**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Trade

Sheep and goat imports went up during 1999 due to the sector's needs to re-store animal stocks, with the bulk of the 1999 imports consisting in lambs with less than one year of age. Total exports went up as well, showing an increase by a similar amount as the imports. Consisting only in lambs, live animal exports were directed into Spain. Due to the higher 2000 birth rates, while the sector is trending towards a small reduction, total 2000 sheep and goat imports will also come under1999 levels, the same being expected to expect with live animal exports. With the sector apparently moving towards a state of increased self-confinement and stability, total live sheep & goat imports and exports will tend to remain mostly stable during 2001.

Trade Matrix

Import Trade Matrix				
Country	Portugal		Units:	Head
Commodity	Animal Numbers, Sheep		Partial Begin	January
			Partial End	March
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
U.K.	71015	60862	17651	0
Spain	22682	44294	1944	12233
Ireland	15919	463	401	0
France	1298	20017	250	4320
Netherlands	0	54	0	0
Total for Others	110914	125690	20246	16553
Others not Listed				
Grand Total	110914	125690	20246	16553

Export Trade Matrix				
Country	Portugal		Units:	Head
Commodity	Animal Numbers, Sheep		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	6976	23232	3615	858
France	1130	0	0	930
Belgium/Lux	150	0	0	0
Total for Others	8256	23232	3615	1788

Others not Listed	0	0	0	0
Grand Total	8256	23232	3615	1788

Policy

Portuguese sheep & goat production is subject to EU-set policies, which are based in the payment of sheep & goat premiums up to EU-set national ceilings. In according to the EU legislation, dairy sheep are eligible to 80% of meat lamb levels. For levels of subsidies paid to the sheep and goat sector in Portugal during 1998, please check Table below.

As noted in the Production section, national policies for this sector are focused on the encouragement of traditional, differentiated, high quality products which can both capture proffitable market niches and provide the producers with high margins. Production of these products is subject to the legal framework provided by the EU regional demarcation regulations, which imply strict definition of technical production standards and norms, as well as the certification by an independent organization.

Portugal: Income Support Subsidies Paid to Sheep & Goat Producers During 1998

	Total	National	EU
	Units: 1,000 Pte		
Producer Premiums	9,995,395	-	9,995,395
Prod. Premiums / Rural World Subsidies	2,871,283	-	2,871,283

SOURCE: NATIONAL GUARANTEE INSTITUTE INGA.

Commodity Name: Meat, Beef

PSD Table						
Country	Portugal					
Commodity	Meat, Beef and Veal			(1000 MT CWE)(1000 HEAD)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	455	413	425	414	0	415
Beginning Stocks	3	3	3	11	0	20
Production	107	97	100	98	0	99
Intra EC Imports	41	65	45	67	0	68
Other Imports	4	5	5	5	0	5
TOTAL Imports	45	70	50	72	0	73
TOTAL SUPPLY	155	170	153	181	0	192
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	3	1	3	0	3
TOTAL Exports	1	3	1	3	0	3
Human Dom. Consumption	146	147	147	155	0	162
Other Use, Losses	5	9	3	3	0	3
TOTAL Dom. Consumption	151	156	150	158	0	165
Ending Stocks	3	11	2	20	0	24
TOTAL DISTRIBUTION	155	170	153	181	0	192
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Due to encouraging beef prices, local beef production rose by 1.5% during 1999 and, in according to the national statistics institute INE, by a significant 7.1% during the first quarter of 2000 against the similar period in the previous year. An anticipated reduction of beef prices during the second semester of 2000 will tend to slow down slaughter rates, with full year production tending to come close down to 1999 levels. Beef production will trend towards stability in 2001 under the effects of the cattle quota system set by the Cattle Reform, and the Reform's lower price goals. Production of beef from indigenous breeds has stabilized at reportedly some 10% of total beef produced, limited by the low meat carcass yields of these breeds, and by the insufficient market reward for the accrued quality.

Consumption

Due to an improved image of beef, national beef consumption went up in 1999, coming at some 7% under pre-BSE levels. The Portuguese Meat Federation reports that Portuguese per capita beef consumption reached 16.8 Kg/Hab in 1999 (17.6 Kg/Hab in 1995, immediately before the BSE crisis broke out). Another expansion is anticipated for 2000, with strong demand for beef continuing to reflect in high retail prices.

The effects of Agenda 2000 lowering retail prices to pursue an expansion in EU beef demand - one of the Agenda's goals - are expected to become visible in the near-term future. As in other EU countries, national beef consumption is forecast to continue to expand in 2001 due to the effects of anticipated price drops, combined with those of continuing aggressive promotion acticities carried out by larger beef producers and leading super and hypermarket chains.

Beef labeling has become increasingly common in Portugal, as means for product differentiation. In addition to certified beef produced from indigenous breeds, brands have proliferated with more or less liberal label contents. The new EU beef labeling directive, to come into force in September of 2000, will contribute to discipline local beef labeling practices. Labeling directive, combined with specific national labeling legislation (see more under Policy) will tend to play a positive role in the assertion of Portuguese beef in the market by enabling consumer identification of locally-produced beef.

Trade

Total beef imports had a remarkable 49% expansion during 1999, spurred up by higher local prices than in other EU markets. Imports continued to be led by Spain, while other EU exports into Portugal were also up during 1999 to capitalize on the higher local prices. South American origins secured their 7% import share, profitting from a developing market niche for extensively produced beef with characteristically high fat content, suitable for trendy Brazilien or Argentinien style dishes. Further, AGOFFICE sources report that due to the high quality/price ratio of S. American beef, significant quantities are reportedly coming into the EU from those origins paying full import tariff, that is, outside specific tariff rate quotas.

Total beef imports are expected to be up again in 2000 as a consequence of the competitiveness of the EU, and particularly of the Spanish beef industries, as confirmed by first quarter 2000 import data (see Trade Matrix). Total year increase over 1999 levels will tend to be lower than first quarter 2000 one due to the anticipated effects of Agenda 2000 in EU beef production and in market prices.

Combination of anticipated persisting beef surpluses in the EU, including Spain, will tend to result in higher imports of beef during 2001. The Agenda 2000 will tend to have a stabilizing influence in Portuguese beef imports over the medium-term due to its anticipated effects stabilizing EU cattle activity. Further, the new beef labeling legislation which will come into force in September will also tend to descriminate imported beef relative to national one. Nevertheless, it is widely believed that due to the strength of the EU beef industry, EU beef exports into Portugal will remain at significant levels over the medium-term future.

The U.S. exported no beef into Portugal during 1999 due to the EU hormone ban, and to the absence of a developed market for hormone-free beef which could be exported under the U.S. quota.

Trade Matrix

Import Trade Matrix				
Country	Portugal		Units:	Metric Tons
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	22747	34392	5016	6636
France	9627	17691	2890	3578
Netherlands	5516	8006	1167	1551
Denmark	1993	2512	283	573
Ireland	1394	1497	247	305
Other EU	1465	1058	106	410
Brazil	2521	3678	453	762
Uruguay	549	841	284	195
New Zealand	436	485	126	0
Argentina	178	178	22	34
Total for Others	46426	70338	10594	14044
Others not Listed	54	0	0	5
Grand Total	46480	70338	10594	14049

Export Trade Matrix				
Country	Portugal		Units:	Metric Tons
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	966	87	0	1
U.K.	36	0	0	0
Other EU	15	5	0	0
Angola	389	136	44	5
S. Africa	32	0	0	0
Ships	17	74	1	4
Cape Verde	0	38	0	13
Total for Others	1455	340	45	23
Others not Listed	3	5	0	0
Grand Total	1458	345	45	23

Policy

Portugal applies EU policies to cattle & beef production. Due specifically to the national BSE problem, the importance of food safety has merited the GOP's highest public commitment. One of the key developments in this area is the GOP's approval of a national food safety agency to coordinate all food quality & safety control functions national-wide, and serve as national counterpart to the future European Food Safety Agency. National Food Safety Agency is still in a preparatory phase, and is forecast to start operating in about one year from now.

As part of the EU, Portugal will apply in September of 2000 the first stage of the new EU beef labeling directive. In according to the directive, limited information will have to be shown on labels during this stage, which will nevertheless include the place of animal slaughter. To discourage EU cattle producers from slaughtering animals in Portugal to sell locally, a specific national labeling legislation is being prepared to come into force in simultaneous with the EU directive, to make mandatory reference to the country where animal was produced as well as the place of slaughter. Measure aims at enabling easy identification of Portugese beef by the consumers, which reportedly constitutes an important consumer preference factor.

Commodity Name: Meat, Pork

PSD Table						
Country	Portugal					
Commodity	Meat, Swine			(1000 MT CWE)(1000 HEAD)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	4727	5219	16	5171	0	5107
Beginning Stocks	10	10	7	40	0	66
Production	236	346	237	343	0	339
Intra EC Imports	74	94	70	100	0	110
Other Imports	0	0	0	0	0	0
TOTAL Imports	74	94	70	100	0	110
TOTAL SUPPLY	320	450	314	483	0	515
Intra EC Exports	2	2	2	1	0	1
Other Exports	3	4	3	5	0	6
TOTAL Exports	5	6	5	6	0	7
Human Dom. Consumption	308	404	308	412	0	423
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	308	404	308	412	0	423
Ending Stocks	7	40	1	65	0	85
TOTAL DISTRIBUTION	320	450	314	483	0	515
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Portuguese pork production went up by 4.1% during 1999 due to an increase in slaughter rates (see Slaughter, Hog Numbers). A moderate output reduction is anticipated for 2000 due to an anticipated hog slaughter reduction. With total January/February 2000 slaughter still above that of the same period in 1999, slaughter rates will tend to slow down during the second half of 2000, depressed by rising imports of Spanish pork. Total pork production will tend to drop in 2001, with the competitive Spanish swine and pork industry continuing to displace larger and larger quantities of locally produced pork. Some 60% of the production comes from vertically-integrated units who process the animal parts and sell the rest of the carcasses to the retailers.

Consumption

Low retail prices for most of 1999 led to a significant expansion in Portuguese pork consumption, as well as in the rest of the EU, up to estimated 39.4 Kg per capita (source: Portuguese Meat Federation). The national hog federation reports that national pork consumption is expected to grow again during 2000 in association with anticipated reductions in prices during the second semester of the year, while the practice of pork promotions by leading super and hyper-market chains will continue to boost demand. Pork consumption is further expected to continue to profit from periodic BSE-related problems, which occasionally lead the consumers to prefer pork over beef. The fact that pork prices have recently stabilized at relatively high levels, tending to trend up in the future, will nevertheless tend to limit consumption growth rates. Pork consumption is expected to expand moderately again in 2001, favored by lower prices and a favorable consumer product wholesomeness perception.

Pork consumption peaks during the Summer months in association with the population of tourists and emigrants, while the season's eating habits favor use of grilled meat. Consumption of both raw pork and processed pork products - of which an increasing diversity of well-packaged, high-quality products is being sold in the market - has been going up. In order to differentiate Portuguese pork, many producers are reportedly preparing to label raw pork sold at retail. This is expected to enable the local producers to capitablize from the consumers preference for Portuguese meat over imported one, as revealed by recent market surveys. Note that in all other aspects, pork labeling is not attractive as *de per se*, it constitutes no preference criteria. In addition to mentioned exception, the only other occasions in which labeling can lead to accrued sales tend to be during sanitary alarm periods, when labeling can be a factor of consumer preference.

Trade

Portuguese 1999 pork imports had a substantial expansion over the previous year due primarily to the higher importation of pork from Spain. Another expansion is anticipated for 2000, with the Spanish hog & pork industry finding it increasingly more attractive to export the meat instead of the live animals for local slaughtering. Another expansion is forecast for 2001 under the effects of the competitiveness and forecast continuing surplus of the Spanish pork industry.

Trade Matrix

Import Trade Matrix				
Country	Portugal		Units:	Metric Tons
Commodity	Meat, Swine		Partial Begin	January
			Partial End	March
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	57875	75365	10909	16367
U.K.	8568	6510	1140	946
France	4961	4272	743	552
Netherlands	2867	2662	882	828
Belgium/Lux	2243	1863	447	325
Denmark	1161	1181	0	56
Other EU	1706	1717	102	124
Total for Others	79381	93570	14223	19198
Others not Listed	0	0	0	0
Grand Total	79381	93570	14223	19198

Export Trade Matrix				
Country	Portugal		Units:	Metric Tons
Commodity	Meat, Swine		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	1562	1454	201	263
Germany	244	11	500	58
France	206	128	0	7
Belgium/Lux	74	84	0	0
U.K.	24	77	0	1
Netherlands	18	2	0	0
Angola	2157	1866	93	280
Russia	14	1985	0	0
Ships	226	340	1	4
Cape Verde	48	102	0	36
Total for Others	4573	6049	795	649
Others not Listed	76	89	7	0
Grand Total	4649	6138	802	649

Policy

Pork exports are aligible to EU subsidies. For payments made to the sector durig 1998, please check Table below.

Portugal: Export Subsidies Paid to Pork Exports During 1998

	Total	National	EU
	Units: 1,000 Pte		
	342,239	-	342,239

SOURCE: NATIONAL GUARANTEE INSTITUTE INE.

Commodity Name: Meat, Lamb, Mutton & Goat

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Meat, Lamb, Mutton and Goat			(1000 MT CWE)(1000 HEAD)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	144	2575	144	2580	0	2590
Beginning Stocks	4	4	4	5	0	5
Production	28	24	28	25	0	25
Intra EC Imports	8	6	8	6	0	6
Other Imports	5	3	5	3	0	3
TOTAL Imports	13	9	13	9	0	9
TOTAL SUPPLY	45	37	45	39	0	39
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	45	32	45	34	0	34
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	45	32	45	34	0	34
Ending Stocks	0	5	0	5	0	5
TOTAL DISTRIBUTION	45	37	45	39	0	39
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Despite the higher numbers of slaughtered animals, Portuguese lamb, mutton & goat production suffered a 4.6% reduction during 1999 as a result of the increased share of young animals in total slaughter numbers. A moderate expansion in lamb production is anticipated for 2000, with the national statistics institute INE reporting a 19.2% increase in lamb meat and a 2.2% reduction in goat meat production during the first quarter of 2000 relative to the similar period in 1999. Total lamb, mutton & goat production is forecast to remain basically unchanged in 2001. Production numbers shown in the PSD are determined on the basis of official sheep & goat inventory numbers and official lamb and goat meat production. Official production is estimated to account for roughly half of total production, as it does not reflect private slaughtering.

Consumption

Lamb mutton & goat consumption remained mostly stable in 1999, with the Portuguese Meat Federation reporting that lamb, mutton & goat per capita consumption remained at 3.6 Kg/Hab (3.7 Kg/Hab in 1997 and 4.0 Kg/Hab in 1992). A moderate expansion in lamb meat consumption is anticipated for 2000 as a consequence of average low prices, reportedly under the EU average. Total lamb, mutton & goat consumption is expected to remain mostly stable in 2001.

Lamb, mutton & goat consumption has been in general affected by the increasing competition from other meats as well as by changing lifestyles. Nevertheless, the Meat Federation reports that demand remains mostly stable, especially for the high quality lamb types which are produced in a Central Alentejo region where the local microclimate enable the development of pastures with specific qualities.

Trade

Portuguese lamb, mutton & goat imports went up in 1999 in association with the lower domestic meat output, with the EU and New Zealand continuing to account for the bulk of the imports. While first quarter 2000 trade data shows a mild expansion in imports, total full year lamb, mutton and goat imports will tend to remain mostly stable relative to previous year levels due to the moderate anticipated meat output recovery. Lamb, mutton & goat imports will also tend to remain stable in 2001. Exports remain negligeable.

Trade Matrix

Import Trade Matrix				
Country	Portugal		Units:	Metric Tons
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	January
			Partial End	March
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
U.K.	2204	3151	630	445
Spain	782	1325	171	288
Ireland	551	752	59	182
France	192	414	90	74
Other EU	115	486	32	29
New Zealand	3132	3239	360	633
Uruguay	13	60	0	15
Total for Others	6989	9427	1342	1666
Others not Listed	0	0	0	0

Grand Total	6989	9427	1342	1666

Export Trade Matrix				
Country	Portugal		Units:	Metric Tons
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	12	11	1	7
Angola	14	4	1	0
Ships	3	10	0	10
Total for Others	29	25	2	17
Others not Listed	0	0	0	0
Grand Total	29	25	2	17

Commodity Name: Hides & Skins

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Hides & Skins, Bovine				(1000 MT)(1000 PCS)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	49	49	51	47	0	47
Production In MT	10	9	9	9	0	9
Production In Pieces	455	413	425	414	0	410
Intra EC Imports	28	28	28	26	0	26
Other Imports	42	31	43	21	0	21
TOTAL Imports	70	59	71	47	0	47
TOTAL SUPPLY	129	117	131	103	0	103
Intra EC Exports	3	2	3	3	0	3
Other Exports	3	3	3	3	0	3
TOTAL Exports	6	5	6	6	0	6
Domestic Consumption	72	65	73	50	0	50
Ending Stocks	51	47	52	47	0	47
TOTAL DISTRIBUTION	129	117	131	103	0	103
Calendar Yr. Imp. from U.S.	5	3	5	3	0	3
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Portuguese cattle hides production rose moderately during 1999 as a consequence of the higher levels of cattle slaughter. Minor expansion are expected to take place in 2000 and 2001 in according to cattle slaughter trands. Variations in cattle hides output are too small to be reflected in the PSD Table.

Consumption

As anticipated, a reduction in local tanning activity led to a lower national hides consumption in 1999. The dollar appreciation and overall increase in hides import prices is leading to a slowdown in hides consumption during the current year, which the hides industry association estimates could reach amost thirty percent of the previous year levels. This reduction is primarily the result of the great dependency of the Portuguese hides tannning industry from the local shoe manufacturers, who have found it practically impossible to reflect in end-product prices the average 30% accrued raw materials costs. Due to forecast continuation of price-dollar rate conjunction, national hides consumption is likely to remain mostly stable in 2001.

Hides consumption is likely to trend down moderately over the medium-term future. The growing difficulties facing the Portuguese shoe industry, namely the lack of national internationally-recognized labels and the fierce and growing competition of Far Estern manufacturers who proffit from very low labor costs and liberal environmental laws, will tend to depress local demand for finished leather and compress tanning margins. While these restrictions will tend to put a critical pressure upon the smaller, financially weaker units, the tanning activity, based in *Alcanena* and Oporto regions, will tend to concentrate in the larger, better equipped factories. Developing sectors include the production of high quality leather for exporting as well as selling locally to higher-end shoe manufacturers, and the exploration of specific high-value market niches like leather for car seats, an activity successfully introduced in recent years.

Trade

Total hides imports came down significantly during 1999 under the effects of the dollar appreciation. Especially affected by the dollar rate, hides imports from the U.S. suffered a major reduction. Due to the geographic proximity and good quality levels, hides imports from the EU expanded moderately. Total imports from Brazil, traditionally the main source for lower quality types, suffered a large drop due to the trending down of demand for lower-end hide types.

Due to increased prices, total hides imports will decline again in 2000, with the National Statistics Institute reporting a 23% reduction during the first quarter of 2000 relative to the similar period in 1999. Share of EU sources continued to climb, accounting for 44% of the total (48% during CY-1999). Imports from the U.S. came down substantially, accounting for 300 Mt (822 Mt during the first quarer of 1999). Due to an overall near-future consumption stability, total hides imports are forecast to remain unchanged in 2001.

Trade Matrix

Import Trade Matrix			
Country	Portugal		
Commodity	Hides & Skins, Bovine		
Time period	Jan/Decemb.	Units:	Metric Tons
Imports for:	1998		1999
U.S.	4119	U.S.	2530
Others		Others	
Spain	15301	Spain	14366
Italy	4093	Italy	4819
U.K.	2102	Netherlands	2595
Germany	2072	U.K.	1887
France	1668	Germany	1851
Netherlands	967	France	1532
Other EU	1744	Other EU	1323
Brazil	27926	Brazil	21409
Russia	818	Russia	1778
Canada	780	Canada	1220
Total for Others	57471		52780
Others not Listed	4100		3563
Grand Total	65690		58873

Export Trade Matrix			
Country	Portugal		
Commodity	Hides & Skins, Bovine		
Time period	Jan/Decemb.	Units:	Metric Tons
Exports for:	1998		1999
U.S.	10	U.S.	7
Others		Others	
Spain	691	Spain	1728
U.K.	304	U.K.	247
Germany	119	Italy	183
Other EU	319	Germany	164
Hong-Kong	2615	Other EU	161
Switzerland	110	Hong-Kong	2260
Cape Verde	110	Cape Verde	166
Hungary	82	Mozambique	47
Mozambique	39	Hungary	31
India	37	Switzerland	19
Total for Others	4426		5006
Others not Listed	873		226
Grand Total	5309		5239

Marketing

Pursuit of higher quality products is tending to expand local demand for U.S. hides, which are especially appreciated for their characteristic thickness and evenness. Nevertheless, the accumulated effects of the high dollar and prices will continue to affect US hides critically. A more favorable dolar - import price conjuncture would lead to a market expansion again.

Commodity Name: Tallow & Grease

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	By-Products,Tallow & Grease				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	0	0	0	0	0	0
Production	27	24	25	24	0	24
Intra EC Imports	3	3	5	3	0	3
Other Imports	0	0	0	0	0	0
TOTAL Imports	3	3	5	3	0	3
TOTAL SUPPLY	30	27	30	27	0	27
Intra EC Exports	1	0	1	0	0	1
Other Exports	0	0	0	0	0	0
TOTAL Exports	1	0	1	0	0	1
Domestic Consumption	29	27	29	27	0	26
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	30	27	30	27	0	27
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Narrative

Due to the higher cattle slaughtering, national tallow production had a moderate expansion during 1999. Small expansions are forecast for 2000 and 2001 in according to cattle slaughter trends. Increases are too small to be reflected in the PSD Table above. Total tallow consumption is expected to remain mostly unchanged during 2000

As anticipated, national tallow consumption was depressed during 1999 on account of more rigorous anti-BSE legislation which had been passed at the end of 1998, with the national feed compounders association reporting that 20,000 Mt of tallow were consumed by their members during 1999, significantly under the 25,000 Mt reported during the previous year. Nevertheless, tallow consumption by non-feed users went up, namely for the manufacture of soap and cosmetics. Another reduction in tallow use is forecast for 2001 in association with a mild reduction in total feed manufacturing.

Tallow imports had a moderate expansion during 1999 which was due to the higher importation of tallow for industrial use from Spain. Imports of tallow for feed suffered a large reduction, as anticipated. No tallow was imported from the U.S. during 1999 due to the effects of the high dollar rate. Tallow imports will tend to suffer a moderate reduction during 2000, with the National Statistics Institute reporting a 10% decline during the first quarter of 2000 relative to the same period in 1999. Another moderate reduction is forecast for 2001 in according with current consumption outlook. Variations are too small to be reflected in the PSD Table. No imports will take place from the U.S. while the dollar rate remains at current levels. Further, lack of US-EU agreement on the US BSE-free status could prevent altogether U.S. tallow from being imported into the EU.

Trade Matrix

Import Trade Matrix			
Country	Portugal		
Commodity	By-Products,Tallow & Grease		
Time period	Jan./Dec.	Units:	Metric Tons
Imports for:	1998		1999
U.S.	243	U.S.	0
Others		Others	
France	1571	Spain	2130
Spain	633	France	750
Germany	599	Germany	426
Total for Others	2803		3306
Others not Listed	0		0
Grand Total	3046		3306

Export Trade Matrix			
Country	Portugal		
Commodity	By-Products,Tallow & Grease		
Time period	Jan./Dec.	Units:	Metric Tons
Exports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
Spain	765	Spain	375
Angola	190		
Cape Verde	89		
Total for Others	1044		375
Others not Listed	0		0
Grand Total	1044		375